



**Municipal Services Commission
of the City of New Castle**

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Secretary's Message



Did you know MSC currently has the lowest residential electric rates in the state?

MSC is proud that we have been able to keep our rates as low as possible with the high inflation we have seen recently. Management believes the Commission is able to do this by continuously evaluating our operations and performing most of our projects and maintenance in house. While we have experienced rising costs in providing water and electric service, MSC staff has worked diligently to minimize the effects to our customers.

MSC has started receiving materials for the new metering system that will be installed during the next year. In addition to providing hourly water and electric consumption information, it will assist staff in recognizing and resolving customer issues in a more timely manner. MSC will be notified of power outages without customers having to call in and report them. We look forward to getting this system installed and utilizing it to improve customer service in our day-to-day operations.

The Electric Department continues converting the aerial electric to underground in Van Dyke sub-division. The current plan is to have the project completed in 2024. As of this winter, approximately 75% of the neighborhood has been converted.

The Water Department completed painting the exterior of both elevated water storage tanks incorporating colors and letter fonts from the Branding Manual adopted by the City. MSC has received many positive public comments on the new color selection and logo utilized for the project.

This edition of the MSC newsletter provides the citizens of New Castle with the financial statements for the year ending March 31, 2022. You can find the complete report on the MSC's website at <https://newcastlemsc.delaware.gov/financial-statements/>. Please feel free to call to discuss any questions or concerns you may have regarding the Commission's financial health.

MSC strives to keep our customers informed. Please be sure you have provided customer service with your current contact information including phone number and e-mail so we can send you messages throughout the year. Call us at 302-323-2330 or visit our website at <https://newcastlemsc.delaware.gov/contact-form/> to update your information.

Thank You!
Scott Blomquist
General Manager/Secretary



Calendar Of Events

December 23rd - Christmas Eve Observed - MSC Closed

December 26th - Christmas Day Observed - MSC Closed

January 2nd - New Years Day Observed - MSC Closed



Dr. Roy J. Sippel
President

Appointed by The Mayor
Term: April 1, 2022 to March 31, 2025



Daniel F. Knox
Commissioner

Appointed by City Council
Term: April 1, 2020 to March 31, 2023



Michael J. Quaranta
Mayor

Commissioner / Mayor
Appointed by MSC Charter



Resources At Your Fingertips



City Administration Office 322-9801

Mayor's Office 322-9802

Public Works Department 322-9813

MSC Main Office 323-2330

MSC Utility Building 323-2333

Scott Blomquist 221-4513
General Manager / Secretary

Ken Natale 221-4517
Comptroller/Treasurer

Art Granger 221-4514
Electric Utility Manager

Jay Guyer 221-4515
Water Utility Manager

After Hours Electric or Water Emergency
323-2330 or 323-2333

**Planning a project at home which
involves digging on your property?**

Call MISS UTILITY

1-800-282-8555

Meet Our Employee



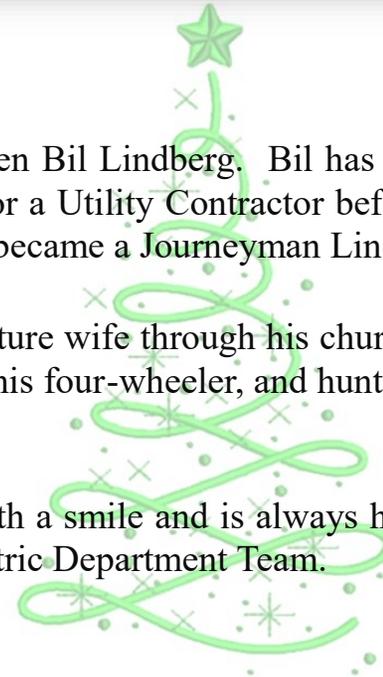
BIL LINDBERG



In this newsletter the Commission would like to introduce our newest Linemen Bil Lindberg. Bil has been with the MSC since August of 2021. Bil is married and has 4 children. He worked for a Utility Contractor before coming to the MSC where he worked his way through his Lineman's apprenticeship and became a Journeyman Lineman.

Bil was raised in Washington State but moved to this area after meeting his future wife through his church. His interests outside of work include spending time with his family and friends, riding his four-wheeler, and hunting. Bil looks forward to spending Christmas with his family.

Bil is one of the friendly faces you will see around town in a yellow truck with a smile and is always happy to assist customers with their electric concerns. MSC is proud to have Bil join the Electric Department Team.



ELECTRIC DEPARTMENT

During this past year, MSC Electric and Water Crews continued working on the Van Dyke underground electric project. Electric and communication conduits, vaults, manholes, and transformer pads have been installed for the second phase of the project and streets and driveways have been repaired.



The Electric Crew completed pulling in all the secondary (low voltage) wire and have started pulling in the primary (high voltage) wire. MSC is working to have this phase of the project energized early in the New Year. The current plan is to have the entire project completed in 2024.



MSC started installing fault indicators on our electric switch gear located in the Industrial Parks in our service area. These fault indicators will help MSC Crews troubleshoot electric outages by narrowing down the area where an electric fault occurs in the wires expediting repairs and shortening outage durations. MSC is planning to expand the program by adding fault indicators throughout our electric system over the next several years.



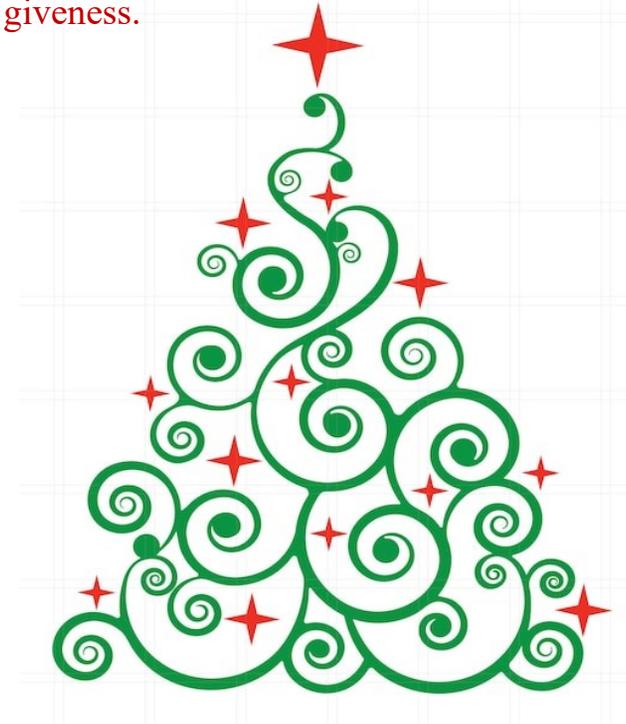


Water Main Replacement Project

MSC is planning and preparing for a Spring 2023 water main replacement project of approximately 1,715 linear feet within Hewlett, Janvier, and Megginson Avenues. The unlined lead joint cast iron water mains in this area were installed in the 1950's and are causing water quality issues. The aging pipes in this area require monthly flushing to maintain water quality. Replacement water mains will be modern 6-inch and 8-inch diameter mortar lined ductile iron pipe.

The goal of this water main replacement project is to remove lead-joint pipe, improve water quality, improve system hydraulics and fire protection, and reduce water loss due to frequent flushing. Thirty-two water services will be replaced from the main to the curb stop valves and three new fire hydrants installed.

This \$1.5 MM water main replacement project is being funded by a State of Delaware Drinking Water State Revolving Loan. MSC applied for and was awarded the loan with full principle forgiveness.





Elevated Water Tanks Repainted with City Branding

The Municipal Services Commission operates 2 elevated water storage tanks as part of its Water Distribution System. With a combined capacity of 1.6 million gallons of storage, the 600,000 gallon tank is located on Gray Street and the Million Gallon Tank is located near the Twin Spans Industrial Park. Both tanks are visible to residents and visitors as they enter and leave the City.

The Commission performs routine maintenance on these structures to protect our investment. The last time both tanks were repainted was 12 years ago in 2010. During this past Summer, structural improvements were made to both tanks then their exteriors were cleaned and repainted incorporating colors and letter fonts from the City Branding Manual. The tanks are again protected from the elements and will continue standing as sentinels for the City declaring this town as Historic New Castle.



SEASONAL MAINTENANCE – GETTING READY FOR WINTER

Winter's freezing temperatures can be harsh on your home's plumbing. If your water service stops working, the first thing you should do is call MSC at 302-323-2330. MSC Customers are responsible for their water service lines from the curb stop in to their home and all pipes inside their property line. If any of these pipes freeze, the homeowner is responsible for thawing or repairing them or calling a licensed plumber.

If the meter is frozen, MSC will replace it and bill the customer for the cost. Do not attempt to repair a frozen meter. Only MSC employees are authorized to work on our water meters. As a reminder, please keep your meter setting clear of obstacles. This ensures our crews can access the meter for maintenance and your emergency shutoff valve is easily accessible should you need it.

Before the cold weather hits:

Winterize (blow out) your lawn sprinkler system. This reduces the chance of water freezing and breaking the pipes. Sprinkler installers, landscapers and private contractors offer this service or you can do it yourself.

Disconnect and drain garden hoses and connections, close any hose bib shutoff valves and consider covering hose bibs.

Prevent cold air from seeping inside. Close outside vents, crawl spaces and doors. Fix broken windows, seal cracks in the walls and foundations. Also, keep your garage door closed to prevent cold air from reaching pipes and water heaters.

To help protect pipes along outside walls, open the cabinet doors under sinks to allow warm air to circulate.

Insulate pipes by wrapping them in commercial insulation. For extra protection, wrap pipes subject to cold or freezing in heat tape before insulating.

If you're going away, keep a minimum amount of heat on in the house. You may also want to keep a thin stream of water running from a faucet.

If you plan to turn the heat off, drain all the water from the pipes, toilets and water heater, and turn off the power source to the water heater.

Place a tag on the main water shutoff valve to your home and make sure everyone in the house knows its location and how to operate it in an emergency.

Thawing Frozen Pipes - Act Quickly and Turn Off the Water.

If your pipes freeze, turn off the water supply at the main shutoff valve for your home. MSC recommends customers contact a licensed plumber for assistance. Do not turn the water back on until you are sure there are no leaks.

Utility Employee Imposters - **DON'T GET SCAMMED**

Municipal Services Commission cautions customers to be mindful of individuals who try to gain access to their homes by posing as utility workers. Imposter utility employees may carry "official" looking credentials, wear uniform type clothing, and often work in pairs.

Following are 3 questions to ask yourself or your visitor to determine if they are an MSC employee or an imposter:

- 1) **What are they wearing? Look at their uniform.**
- 2) **What are they driving? Ask to see their truck.**
- 3) **Why are they here? Ask what is the purpose of their visit?**



Never open your door to someone you do not recognize!! MSC employees wear uniforms with our "MSC" logo on them. MSC Employees drive and operate yellow trucks and equipment that are labeled Municipal Services Commission on the sides. Ask for a photo ID through a window. All MSC employees carry company ID badges displaying their name and photograph. To verify an MSC employee's identity or work being done, call our main office at 1-302-323-2330.

If you receive a phone call requesting payment with the threat of water or electric service being turned off, please hang up and call the Commission to verify your account status.

If you believe you have been the target of an imposter utility employee scam, MSC urges you to report the suspicious activity to the police and the Commission.

Financial Report

December 2022

To the Ratepayers of
Municipal Services Commission:

We are pleased to present the Municipal Services Commission's (MSC) annual financial report in accordance with the charter of the MSC, as well as part of our effort to focus on providing excellent customer service and transparency to our customers. This report is an unaudited summary of MSC's financial activities and condition for the fiscal year ended March 31, 2022.

The information contained in this report was derived from MSC's audited Annual Comprehensive Financial Report (ACFR), but presented in a less technical, easier to read format. The ACFR was prepared in conformance with generally accepted accounting principles (GAAP) and includes financial statements audited by Barbacane Thornton & Company. This report, by its summary nature, is not intended to conform to Generally Accepted Accounting Principles (GAAP) and associated reporting standards set by applicable governing bodies. The complete audited financial statements are available online at:

www.newcastlemsc.delaware.gov/financial-statements/.

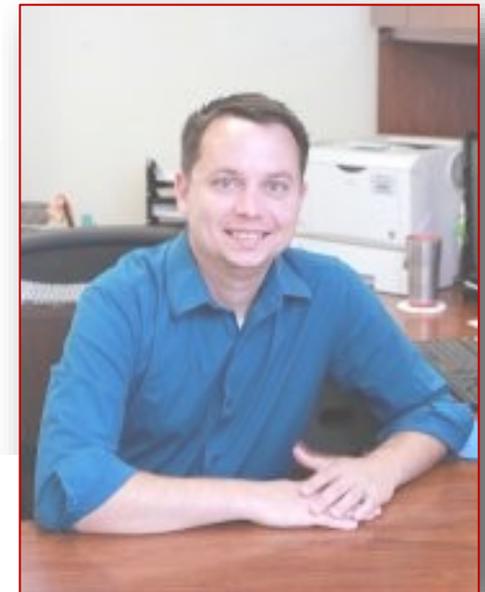
We hope this report will give you a better understanding of MSC and its financial condition. We welcome your comments and suggestions.



Respectfully submitted,

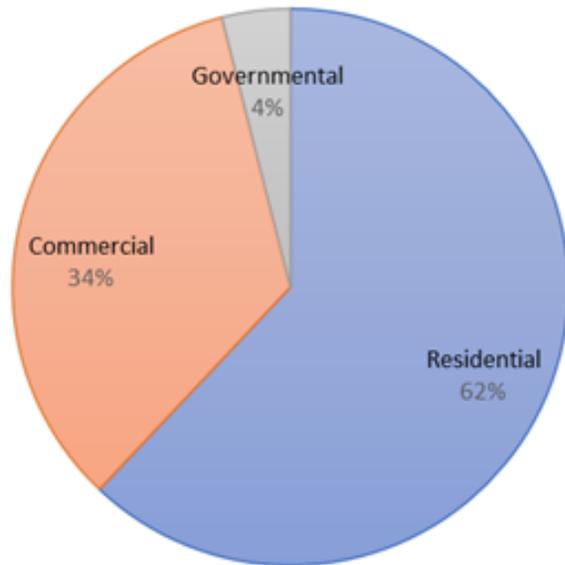
A handwritten signature in blue ink that reads "Kendrick S. Natale II".

Kendrick S. Natale II
Comptroller/Treasurer

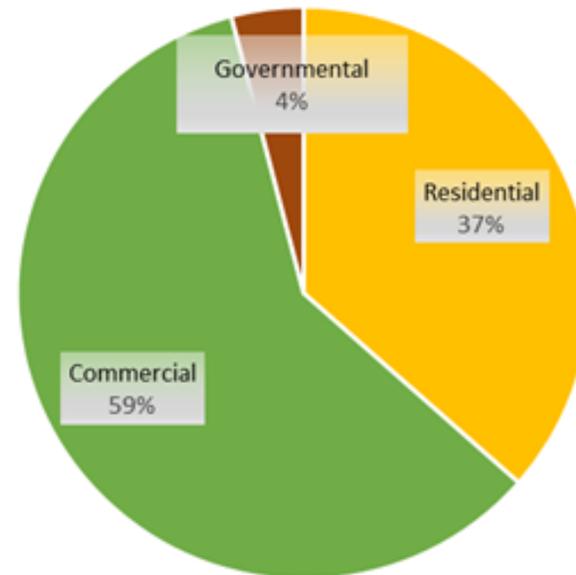


Statistical Snapshot

Fiscal Year End 2022
Water Revenue By User Classification



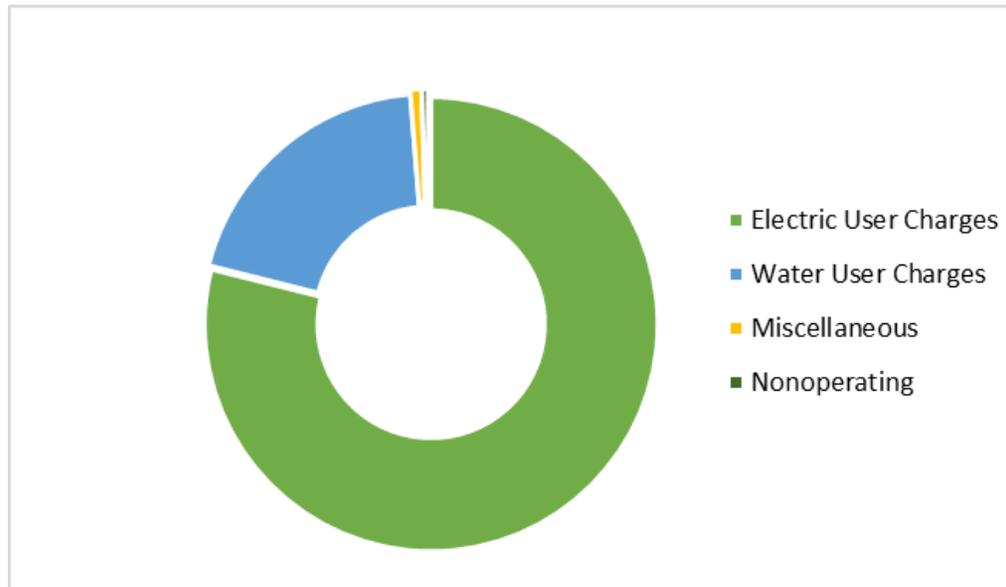
Fiscal Year End 2022
Electric Revenue by User Classification



FACT:

One customer accounts for approximately 9% of the Commission's net operating revenues.

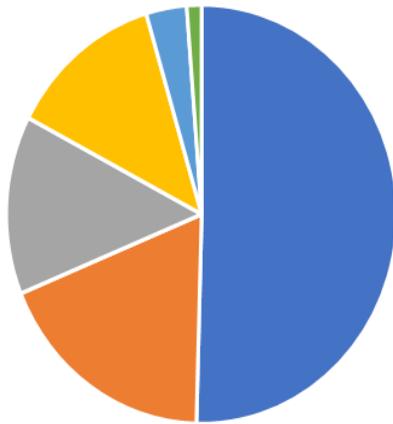
Total Revenues - \$11,308,000



Total revenues increased in fiscal year 2022 by \$255,000 or 2.3% from the fiscal year 2021 revenue amount of \$11.1 million. Water revenues were the largest driver of the revenue increase due to a rate increase of 5% which was necessary to help make the water utility self-sufficient. Electric revenues were relatively stable in fiscal year 2022 as compared to 2021.

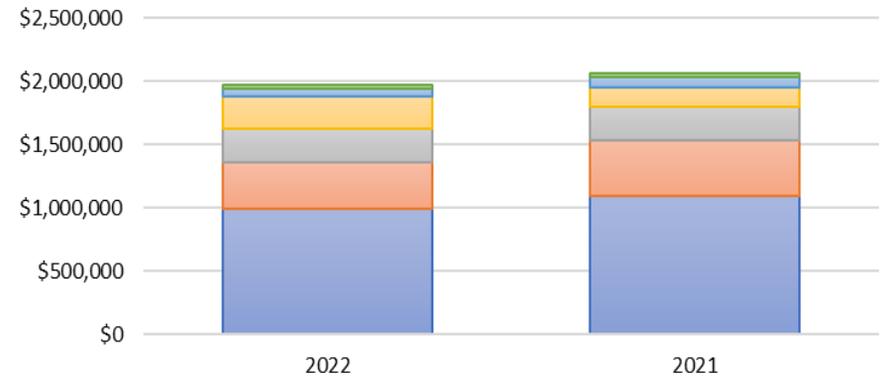
Miscellaneous revenues consist of items such as penalties, and applications fees. These revenues increased \$16,000 or 20% from fiscal year 2021. Non-operating revenues consist of interest income and investment gains, gains from sale of capital assets, and grants. These items decreased by \$55,000, or 52% from 2021 due to decreases in the fair market value of the Commission's investment portfolio.

Water Expenses - \$1,970,000



■ Personnel ■ Depreciation ■ Office & Misc
■ Nonoperating ■ Repairs & Maintenance ■ Purchase of Water

Water Expenses By Year

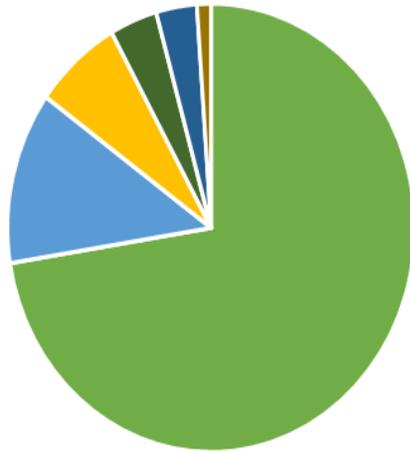


■ Personnel ■ Depreciation ■ Office & Misc
■ Nonoperating ■ Repairs & Maintenance ■ Purchase of Water

Total water expenses decreased in fiscal year 2022 by \$92,000 or 4.5% from the fiscal year 2021 total expense amount of \$2,062,000. This is mostly the result of capitalized labor charges related to water operators assisting on the Van Dyke Village electrical undergrounding project. Personnel and depreciation expense continue to be the largest components of the water utility's expenses, accounting for 68.8% of total expenses.

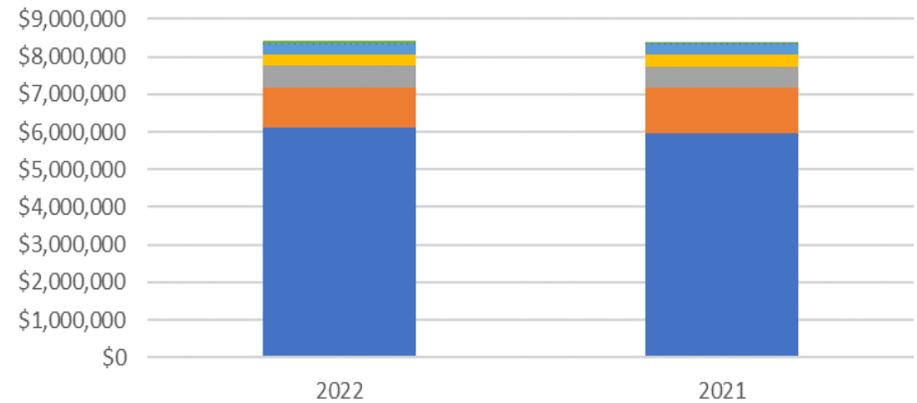
Non-operating expenses consists of appropriations to the City of New Castle for free services and payments in lieu of taxes (\$35,000 and \$118,000 respectively).

Electric Expenses - \$8,442,000



- Purchase of Power
- Personnel
- Nonoperating
- Depreciation
- Office & Misc
- Repairs & Maintenance

Electric Expenses by Year



- Purchase of Power
- Personnel
- Nonoperating
- Depreciation
- Office & Misc
- Repairs & Maintenance

Total electrical expenses increased in fiscal year 2022 by \$69,000 or 0.8% from the fiscal year 2021 total expenses of \$8,373,000. This is mostly the result of capitalized personnel costs related to the Van Dyke Village undergrounding project. Other expenses were relatively stable compared to fiscal year 2021. Purchase of power and personnel expense continue to be the largest components of the electric utility's expenses, accounting for 85% of total expenses

Non-operating expenses consist of appropriations to the City of New Castle for payments in lieu of taxes (\$534,000) and labor provided to the City for special projects at no cost to the City (\$51,534).

Financial Status



The Municipal Services Commission's 2022 financial condition continued to be strong as revenues exceeded expenses. Total net position increased by \$950,157 in 2022 as compared to the 2021 increase of \$746,527. The conservative management strategy used by the MSC continues to provide a stable financial position.

Current Assets consists of items such as cash, investments, inventory and receivables.

Restricted Assets are amounts held in escrow for customer deposits.

Capital Assets, net is the carrying value of MSC's plant, property, and equipment net of accumulated depreciation.

Deferred Outflows/Inflows of Resources are the recognition of revenues and expenses that are delayed and will take place in a future fiscal year, such as for pensions.

Current Liabilities are debts and obligations MSC owes outside parties that are due within one year.

Non-current Liabilities are debts and obligations MSC owes outside parties that are due more than one year after the close of the year, such as compensated absences, and customer deposits.

	2022	2021	2020
Assets			
Current and other assets	\$ 6,069,644	\$ 5,752,675	\$ 5,906,622
Capital assets, net	<u>12,173,053</u>	<u>12,028,967</u>	<u>11,588,654</u>
Total assets	18,242,697	17,781,642	17,495,276
Deferred outflows of resources	3,755,730	3,289,181	3,355,090
Liabilities			
Current liabilities	1,316,173	1,409,098	680,621
Long-term liabilities	<u>1,115,195</u>	<u>858,192</u>	<u>2,643,807</u>
Total liabilities	2,431,368	2,267,290	3,324,428
Deferred inflows	472,843	659,474	128,335
Net position			
Invested in capital assets	12,173,053	12,028,967	11,588,654
Unrestricted	<u>6,921,163</u>	<u>6,115,092</u>	<u>5,808,949</u>
Total net position	<u>\$ 19,094,216</u>	<u>\$ 18,144,059</u>	<u>\$ 17,397,603</u>





Municipal Services Commission
of the City of New Castle

216 Chestnut St.
New Castle, De 19720
302-323-2330

PRSRT
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